



## Wisconsin County Treasurers' Association

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**Date:** April 14, 2009

**To:** Members of the Health, Health Insurance, Privacy, Property Tax Relief and Revenue Committee

**Subject:** Senate Bill 35 - First Dollar Credit distribution

The Wisconsin County Treasurers' Association would like to express our **SUPPORT** for Senate Bill 35. Through SB35 the County Treasurers are seeking uniformity and efficiency in the distribution of the new property tax credit, known as the First Dollar Credit.

The First Dollar Credit (FDC) was enacted in the 2007-09 biennial budget and first appeared on 2008 real estate property tax bills in Wisconsin. The directive in that biennial budget was that the State Dept of Administration would annually remit funds for FDC credits to each town, village and city in the state – over 1800 entities.

Assembly Bill 68 redirects the annual distribution of First Dollar Credit funds to mirror the distribution of the other property tax credits, namely Lottery & Gaming credits and School Levy credits. The objective is for the State to distribute FDC funds to each county and some qualifying municipalities – only less than 200 entities.

The Governor has included language in his 2009-11 biennial budget to correct the distribution of First Dollar Credit funds. However, the funding of property tax credits occurs in July and the budget may not be passed in time to be effective for this year's distribution.

Thus, the Wisconsin County Treasurer's Association (WCTA) has been seeking a quick fix. The companion bill, Assembly Bill 68, was heard by the Ways & Means Committee on April 2<sup>nd</sup>. Our association testified at that public hearing and heard no opposition. Our hope is that both houses pass this legislation in time to be effective for the State's July distribution.

In summary, this bill merely seeks corrective action so that the First Dollar Credit funds can be uniformly and efficiently distributed in the same manner as other property tax credits are distributed. It does not affect which entities ultimately receive the funds, or how much they receive. It just makes sense to treat the distribution of all property tax credits the same and in doing so, alleviate extra work for state and municipal governments.

Thank you for your consideration.

**Contact:** Pamela Reeves, Waukesha County Treasurer  
WCTA Legislative Committee  
Phone: 262-548-7033



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## KATHLEEN VINEHOUT

### STATE SENATOR

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Testimony in support of SB 35  
Senate Committee on Committee on Health, Health Insurance, Privacy, Property Tax  
Relief, and Revenue  
April 14, 2009

Senator Erpenbach and Committee Members, thank you for convening today and holding this hearing on Senate Bill 35.

Senate Bill 35 seeks to streamline the distribution of the first dollar property tax credit. Wisconsin currently has three tax credit programs to offset property taxes: the school levy credit, the lottery and gaming credit, and the recently created first dollar credit.

Last session, the Legislature successfully passed legislation to reform the manner in which the school levy credit and the lottery and gaming credit were distributed. Prior to Wisconsin Act 190 of 2007, the school levy credit and the lottery and gaming credit were distributed to 1,850 municipal treasurers. The municipal treasurer then had to settle with the county and other taxing authorities. Because of the burden and inefficiency this created, the distribution of those credits was streamlined by sending the credits directly to the county treasurer, who then settles with each municipality.

Unfortunately, Wisconsin Act 190 of 2007 only streamlined the distribution of the school levy credit and the lottery and gaming credit. At the beginning of this session, the Wisconsin County Treasurers Association came to me and they explained that Wisconsin Act 190 of 2007 left out the first dollar tax credit. They described the confusion and extra work created by two separate tax credit distribution methods. They asked that the first dollar credit be distributed in the same fashion as the school levy credit and the lottery and gaming credit.

Senate Bill 35 would distribute the first dollar credit directly to the 72 county treasurers. The county treasurers then settle with the various taxing jurisdictions as part of the overall property tax settlement process.

The bill conforms the method of distribution so that all three tax credits are handled the same way. Administrative efficiency is gained by allowing DOA to make 72 payments twice a year to the counties instead of the 1,850 payments twice a year to each municipality. Confusion and mistakes created by two separate distribution systems is eliminated.

Also, a small number of municipalities seek to invest the credit dollars for the short window between receipt and final distribution. Wisconsin Act 190 of 2007 contained a voluntary exception for municipalities that receive at least \$3 million in the school levy and lottery credits or if the municipality allows tax payments in three or more installments. The exemption allows them to receive the payments directly and then settle with the county or other tax jurisdictions. This bill provides for the same exception.

Again, thank you for your consideration of Senate Bill 35. I hope we can work quickly to get this bill passed and help our local governments reduce their costs and paper work.



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## MEMORANDUM

TO: Honorable Members of the Senate Committee on Health, Health Insurance,  
Privacy, Property Tax Relief, and Revenue

FROM: David Callender, Legislative Associate *DC*

DATE: April 14, 2009

SUBJECT: Support for Senate Bill 35, Relating to the First Dollar Credit

The Wisconsin Counties Association (WCA) supports Senate Bill 35 (SB 35). WCA has worked closely with the Wisconsin County Treasurers' Association, which has taken the lead role on this issue and is supporting SB 35.

WCA supports the bill's provisions to ensure that distribution of the First Dollar Credit would mirror the distribution of other credits, such as the lottery and gaming credit and the school levy tax credit. This provision is also included in the Governor's budget proposal, Assembly Bill 75.

However, in consultation with the Treasurer's Association, WCA prefers the approach of SB 35, which would maintain current law relating to the application of the First Dollar Credit to all installments, over the comparable provisions of AB 75. The provisions in AB 75 would require treasurers, who have now programmed their computers to calculate the payments over multiple installments, to re-program their computers so that the credit would be applied only to the first installment.

WCA supports passage of SB 35 in its current form as a separate bill or as an amendment to AB 75.

Thank you for your consideration. Please feel free to contact me if you have any questions.